



# MEDIA RELEASE

STATE OF TENNESSEE  
DEPARTMENT OF FINANCE & ADMINISTRATION

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## **TENNCARE SELECTS PHARMACY BENEFIT MANAGER TO ADMINISTER PHARMACY PROGRAM**

CONTRACT FOR NEW PHARMACY PROGRAM MANAGER TO BEGIN JANUARY 1

NASHVILLE, Tenn. – The TennCare Bureau has selected First Health Services Corporation to serve as Pharmacy Benefits Manager (PBM) for the TennCare program, TennCare officials announced today.

The State expects to sign a three-year contract with two, one-year renewable periods, with First Health by mid-November. The value of the contract over the three-year period is \$14,193,000.

“One of the key priorities the Governor identified in turning around the TennCare program is to get control over the rising costs in our pharmacy program,” said TennCare Director, Manny Martins. “By selecting a single pharmacy benefit manager to work with TennCare for the coming years, the TennCare program has streamlined the administration of pharmacy benefits. This will simplify the process for providers, save money for the State and bring further stability to the program.”

As the TennCare PBM, First Health will develop a point-of-sale pharmacy claims processing system that will process and pay all TennCare pharmacy claims via an online system. In addition, First Health will help the TennCare Bureau administer the Preferred Drug List, provide pharmacists with weekly payments for their services and generate weekly encounter data and reconciliation services for the TennCare Bureau.

In July of 2003, the TennCare program moved from administering pharmacy benefits through its managed care contractors to a single organization, ACS State Healthcare (ACS). ACS has provided PBM services for TennCare since July and will continue in that capacity through the end of the year.

“The need to reign in the growth and complexity of the TennCare pharmacy program is an essential component in reforming the program,” Martins said. “Securing a single PBM with First Health’s national expertise is another step forward in that process.”

First Health was one of five bidders who responded to the Request for Proposals issued by TennCare in early September. Other bidders included ACS State Healthcare, RX America, MedImpact Healthcare Systems, Inc., and SXC Health Solutions, Inc.

“We look forward to working in partnership with the TennCare team to help the State achieve its goal of streamlining the pharmacy program for the patients, doctors, and pharmacists that rely upon it,” said Teresa DiMarco, president of First Health Services. “We are honored to have been selected to bring our integrated clinical management capabilities and flexible, innovative technology to improve quality and reduce costs in the TennCare pharmacy program.”

(more)

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First Health Services is one of the nation's leading providers of integrated clinical management services for public sector health care clients. As a pioneer in the Medicaid management field, First Health Services offers a full range of Medicaid fiscal agent, pharmacy benefit administration, healthcare management and quality assurance services. With the addition of TennCare, First Health Services has pharmacy management contracts in 15 states including Virginia, Michigan, Ohio and South Carolina. They also manage the nation's largest senior drug programs in New York, New Jersey and Pennsylvania. The Company is a wholly owned subsidiary of First Health Group Corp. (NASDAQ: FHCC), based in Downers Grove, Illinois.

TennCare is Tennessee's managed care insurance program for 1.3 million people who are poor, disabled or uninsured.

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